

Opening Statement
Senator Susan M. Collins

“Fighting Elder Fraud: Progress Made, Work to Be Done”

January 16, 2019

Good morning. It is my pleasure to welcome back both new and returning members to the Committee. I am delighted that my friend and colleague, Senator Casey, will once again be serving as the Committee’s Ranking Member and I am thrilled that we have many new members joining the Committee this year and we welcome them also.

This Congress, this Committee will continue to focus on the key issues affecting American seniors: First, the high cost of prescription drugs; second, retirement security – making sure that our seniors have the financial resources that they need for their retirement and that they don’t outlive their savings; third, greater investment in biomedical research for diseases like Alzheimer’s and diabetes that disproportionately affect older Americans; and fourth, stopping financial schemes and other scams targeting older Americans. In today’s hearing, we will look at the progress being made to coordinate and strengthen the fight against these scams, and explore what further steps could be taken to protect our nation’s seniors.

Combatting this type of fraud has long been a focus of this Committee. In fact, this is the 22nd hearing the Aging Committee has held during the past six years to examine scams affecting older Americans. Previously, we have highlighted the notorious IRS imposter scam, the Jamaican Lottery scheme, computer tech support fraud, grandparent scams, elder financial exploitation, identity theft, romance scams, and the “Drug Mule” scam – where seniors are tricked into unwittingly serving as drug couriers.

A number of critical points have emerged from our work. First, many scams are perpetrated by criminals operating from foreign call centers, beyond the reach of state and local law enforcement, and thousands of miles from the seniors whom they victimize. The criminal networks behind these scams typically maintain crews of “runners” within the U.S. to launder the money stolen from victims and send it overseas as quickly as possible, using wire transfers or gift cards. Fighting these scams requires a coordinated response led by the federal government, in close cooperation with state and local law enforcement, the private sector, and stakeholder organizations.

I am pleased to say that law enforcement has stepped up its efforts to combat these networks recently. A good example is the takedown of five call centers based in India and the arrests of their U.S. based co-conspirators in late 2016. The case against these fraudsters culminated last year in the sentencing of 24 individuals in the U.S. to prison terms, coupled with orders to pay hundreds of millions of dollars in restitution to their victims. This case illustrates the power of coordination: three federal agencies led the investigation, assisted by local law enforcement in four states, and more than a dozen U.S. Attorneys’ offices around the country. A number of other federal and international agencies provided significant support.

Another excellent example of the value of coordination was the sweep of elder fraud cases last February – the largest of its kind in our nation’s history. This sweep resulted in criminal charges against more than 200 defendants who had engaged in elder fraud schemes in which victims lost more than half a billion dollars. The sweep included cases in which more than 50 federal districts, and involved multiple federal, state, and international law enforcement agencies.

We have learned in our prior hearings that combatting fraud is a lot like playing that frustrating game of “Whack-a-Mole.” Con artists are ruthless in their efforts to devise new schemes to defraud their victims. Although the scams we have examined differ in scope and structure, one factor is common to all — the fraudsters need to gain the trust and active cooperation of their victims. Without this, their schemes would fail. Often times these criminals harass their victims into cooperating with them. Other times they seduce them into cooperating with them. That is why it is so important that seniors and the public at large recognize as quickly as possible the red flags that signal potential fraud. Coordinated efforts to educate the public to the scammers’ tactics are therefore critical – and that’s one of the reasons that we have held these series of hearings.

Another key point that has emerged from our investigations is how much the scammers depend upon technologies like caller-ID “spoofing,” robo-calling, wire transfers, and gift cards to perpetuate their schemes. This problem is only getting worse. Last year, the FTC logged an incredible 3.8 million complaints about robocalls, and some experts estimate that nearly half of all mobile phone calls will be fraudulent by the end of this year, unless technology is deployed to identify and block those calls. This Committee has repeatedly stressed the need for regulators and the business community to work more aggressively to stop scammers from using inexpensive technology to facilitate their fraudulent schemes. There is counter-technology, and I find the lack of progress in deploying this protective technology to be very troubling. This year we are going to redouble our efforts to ensure that this persistent problem is solved.

Today, we also are releasing our updated 2019 Fraud Book. As we have done for the past several years, this book lists the top 10 scams perpetrated against seniors that are reported to our Committee’s Fraud Hotline. The book includes tips for recognizing, avoiding, and reporting these common scams. Once again, the IRS Impersonation Scam, in which a criminal calls unsuspecting victims pretending to work for the IRS and claiming, wrongly, that the victim owes unpaid taxes and demanding payment immediately is the number one most reported scam on our list.

Despite the work of this Committee, and of our witnesses today, far too many seniors are still losing money and, often, their retirement savings to con artists. Stopping these scams artists requires a coordinated response from all levels of government, from advocacy groups, from the private sector, but the fact remains that alert citizens are our number one defense. I am proud of the Committee’s work to help seniors become more aware and more informed, and to put those heartless, ruthless criminals on notice that they will be caught and brought to justice.

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